United States Department of Agriculture

Foreign Agricultural Service

FACT SHEET

U.S.-Panama Trade Promotion Agreement
Indiana Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Indiana. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding $190 million per year.

Indiana's exports to all countries, estimated at $2.4 billion in 2007, supported about 24,200 jobs, on and off the farm. These export sales make an important contribution to the Indiana farm economy which had total cash receipts of $5.7 billion in 2007.

Feed Grains. Indiana farmers earned $2.7 billion from corn in 2006, which at 35 percent of the total ties with soybeans as the largest source of farm cash receipts in the state. Feed grain producers will benefit from this agreement.

- Panama will provide immediate duty-free access within a tariff-rate quota (TRQ) for 298,700 tons of U.S. corn that will grow at a rate of 3 percent each year. The 40-percent over-quota tariff will be eliminated in 15 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately and Panama will provide immediate duty-free access for refined corn oil within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff will be phased out within 10 years.

Soybeans and Products. Farm cash receipts from soybeans in 2007 equaled $1.8 billion, and the state is the 4th largest exporter of soybeans and products with exports estimated at $898 million in 2007. Panama is the twelfth largest export market for U.S. soybean meal with exports for the most recent three years averaging 109,000 tons valued at $24.7 million. Indiana soybean producers will benefit from the Panama agreement.

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the Agreement.

- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

Pork. With hog production being the state's third leading source of farm cash receipts ($777 million in 2007), Indiana pork producers will benefit from this agreement.

- Panama will provide immediate duty-free access within preferential TRQs for 2,554 tons of U.S. pork products, including 1,600 tons of fresh and frozen pork cuts, 636 tons of pork fat and bacon, and 318 tons of processed pork. Most of these products currently face tariffs of 70 percent. The TRQ quantities will expand and the over-quota tariffs will be eliminated in 15 years.
- Panama will also eliminate its 10-percent tariff on pork variety meats immediately on entry into force of the Agreement.
- In addition, Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary (SPS) measures by recognizing the equivalence of the U.S. meat inspection system, allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.
- The National Pork Producers Council supports the Agreement, saying "This agreement will contribute greatly to the bottom line of U.S. pork producers by opening up new market access to more than 3 million additional consumers in the Western Hemisphere."

Dairy Products. Dairy is Indiana's fourth leading source of farm cash receipts ($659 million in 2007), and the Panama agreement will benefit Indiana's dairy farmers.

- U.S. exporters will have immediate duty-free access to nine preferential dairy TRQs with a combined total of 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs for these TRQs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization (WTO) commitments.
- Panama will eliminate its 30-percent tariff on dried whey products immediately. The tariffs on most other dairy products, which currently face duties as high as 140 percent, will be phased out over 15 years.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures and technical standards by recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and by streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without

burdensome paper work and without having each facility and shipment inspected by Panamanian authorities.
- The National Milk Producers Association supports the Agreement, noting that "Panama imports nearly half its dairy products, and the U.S. stands to become a larger supplier once the FTA is finalized."

Beef. Indiana's cattle and calf industry generated cash receipts of $275 million in 2007. Cattlemen stand to benefit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance to the U.S. beef industry--prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on SPS measures, reopening its market to U.S. beef by bringing its import requirements related to BSE into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Poultry Meat. Indiana is the nation's seventh largest exporter of poultry meat and products. Indiana poultry producers will benefit from this agreement.

- Panama will eliminate its 15-percent duties on turkey meat immediately for frozen whole turkeys and most frozen turkey cuts and within 5 years for the rest.
- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically de-boned chicken, within 5 years for wings and 10 years for other chicken cuts except leg quarters.
- The 15-percent tariffs on processed chicken and turkey will be eliminated within 5 years.
- Panama will provide immediate duty-free access within a preferential TRQ for chicken leg quarters that starts at 660 tons and grows each year by 10 percent. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's WTO commitments.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures by recognizing the equivalence of the U.S. poultry inspection and disease monitoring systems, allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.